

Why does the FCC continue to allow Jesse Jackson to shake down companies seeking a merger simply to benefit him and his friends/family? Based upon article from the Chicago-Sun Times:

### The Jackson Follies

The Chicago Sun-Times has published a remarkable set of articles describing how Jesse Jackson shakes down white-owned companies in the name of “minority participation” with the effect of making his already-rich black friends-and family-even richer. He has discovered that companies are most vulnerable when they want to merge because large mergers often require federal approval. In the communications business, in particular, Rev. Jackson has had the help of Federal Communications Commission Chairman William Kennard, a Clinton appointee who agrees that mergers should be vetted to make sure they benefit minorities.

The Sun-Times series shows that Rev. Jackson repeatedly tried to block mergers until the merging companies made fat contributions to his Citizenship Education Fund (CEF), the very entity that recently made suspect payments to the mother of Rev. Jackson’s out-of-wedlock child. Typical of the reverend’s antics was the SBC/Ameritech merger. In May 1998, Rev. Jackson urged President Clinton to block the merger. The next year SBC and Ameritech gave \$500,000 to CEF and promised to hire a minority firm to manage its pensions, and Rev. Jackson pronounced the merger “in the public interest.” In April, Ameritech announced it would sell its cell phone business to a partnership that includes Rev. Jackson’s old buddy Chester Davenport. Later that year, the FCC approved the merger.

The GTE/Bell Atlantic merger worked the same way. In December 1998, Rev. Jackson said the merger must benefit minority customers and businesses. The next year Bell Atlantic and GTE gave the CEF \$1,000,000. GTE then put up the vast majority of the \$3.3 billion to buy Ameritech’s cellular business, while Jackson buddy Chester Davenport got a seven percent stake and the title of “Chairman” for just \$60 million or less than two percent of the purchase price. In May 1999, Rev. Jackson blessed the merger and the FCC approved it in July.

The AT&T/TCI merger worked the same way. Only after AT&T pledged \$425,000 to CEF and gave a black bond-dealing house (that just happened to have close ties to Rev. Jackson) \$750,000 worth of business did the FCC approve the merger. When CBS merged with Viacom the deal somehow wouldn’t go through until Viacom promised the CEF \$680,000.

CEF has been raking in about \$14 million a year and though the Sun-Times doesn’t comment on its activities, others have noted that its IRS filings are riddled with dubious entries. “There are red flags all over this,” says Cleta Mitchell, a Washington expert in non-profit tax law. One New York Post

columnist wonders whether the IRS is deliberately turning a blind eye while the Jackson empire flouts the laws. [Rod Dreher, Does IRS Let Jesse's Group Violate Tax Law? New York Post, Feb. 7, 2001, p. 26.]

When the CEF gets merger payoffs, another black who just happens to benefit is Percy Sutton, owner of Inner City Broadcasting. Mr. Sutton has been a Jackson pal for years and was finance chairman of the reverend's 1988 campaign for President. Rev. and Mrs. Jackson were among the original investors in Inner City, and in 1988 their shares were reliably reported to be worth \$250,000-now, probably about \$1 million. Rev. Jackson is working hard to persuade Viacom to sell its UPN television network to Mr. Sutton but refuses to say what effect this will have on his personal holdings.

The Sun-Times tells another edifying story about how Rev. Jackson's sons Yusef and Jonathan ended up owning an Anheuser-Busch beer distributorship in Chicago. There are only about 700 distributors and since they have a monopoly on Anheuser-Busch products in their territories they are enormously profitable. They usually stay in families for generations and almost never change hands. The story dates back to 1982, when Rev. Jackson launched a "this Bud's a dud" boycott of Anheuser-Busch because it had only three black distributors. The company obligingly set up a \$10 million fund to help non-whites buy distributorships. As an interesting sidelight, a black-owned paper in St. Louis, where Anheuser-Busch is based, reported that Rev. Jackson had demanded \$500 each from black businessmen to help support the boycott. The reverend sued the paper but dropped the suit when a judge ruled that the paper could inspect the Jackson organization's financial records.

In 1998 the River North distributorship in Chicago ended up in Yusef's and Jonathan's hands. They refuse to say how much they paid but public records show they took out a \$6.7 million loan from NationsBank. Somehow this managed to cover a business Anheuser-Busch had spent \$10.5 million to build. These days Anheuser-Busch is mum about how many non-whites own distributorships and now that his boys have one, Rev. Jackson doesn't seem to care anymore. Interestingly, Yusef and Jonathan refuse to say how many minority employees they have. [Chuck Neubauer and Abdon Pallasch, Jackson's Protests Benefit His Family, Friends, Sun-Times, Feb. 4, 2001. Tim Novak and Chuck Neubauer, Jackson Sons Quiet on Hiring, Sun-Times, Feb. 4, 2001.]

The Jackson gravy train may be about to jump the tracks. There must be considerable head-shaking in corporate boardrooms at the news that the right reverend took his pregnant mistress along with him on his mission to cure William Clinton of promiscuity back in the Monica Lewinsky days. A Republican FCC may cooperate a little less in the holdups, too, but it remains to be seen whether the new administration has the spine to audit the Jackson gang to see where the money really goes.

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